



October 23, 2000

Ms. Carole Washburn, Secretary  
[Washington Utilities and Transportation Commission](#)  
PO Box 47250  
Olympia, WA 98504-7250

**Subject:** [Docket No. UE-001457; PacifiCorp's System Benefit Charge Filing](#)

Dear Ms. Washburn:

The Washington Department of Community, Trade and Economic Development (CTED) offers these comments to the Commission in support of PacifiCorp's filing for a system benefit charge. We are extremely pleased that PacifiCorp is increasing their commitment to capture cost-effective conservation. We thank you for providing external parties with this opportunity to submit comments for your consideration. Our comments here focus on the magnitude of resource available in Pacific's Washington territory, our support for a systems benefit charge that enables PacifiCorp to increase the tariff amount as needed to meet consumer demand and to achieve all cost-effective electricity savings, and our concerns about a sunset date.

The increases in natural gas prices over the last year, the corresponding increases in the marginal cost of electricity, and the region's growing concerns about electricity supply and distribution reliability contribute to making this a particularly timely filing. Saving electricity is still the most economical first step that we should take to meet our state's electricity needs. Granted, we can only meet a fraction of our electricity needs by using electricity more efficiently. However, with higher avoided costs, the magnitude of savings available in any utility service territory in Washington is greater than any utility is currently achieving. Additional cost-effective electricity savings exist throughout the state.

PacifiCorp's merger testimony indicates that its avoided costs are approximately 50 mills. At this avoided cost CTED estimates that 3.4 aMW of cost-effective electricity savings are available in PacifiCorp's Washington service territory. ([Please see data below](#)) Furthermore, these savings will go untapped without the assistance proposed by PacifiCorp's programs. PacifiCorp's proposed longer-term budget of \$4.1 million corresponds to 1.56 aMW of savings. This does not include the savings from PacifiCorp's \$600,000 investment in the Northwest Energy Efficiency Alliance, nor the savings from their proposed \$250,000 residential program, nor from their \$525,000 low-income weatherization program. If we generously estimate that these additional expenditures increase PacifiCorp's electricity savings by 35 - 50%, then PacifiCorp's investment may capture 2.1 – 2.3 aMW. This \$4.1 million dollar budget still leaves some electricity savings unsecured, and indicates that if consumer response to this program is high, PacifiCorp will need to return to the Commission to raise their SBC tariff to capture these additional cost-effective savings.

We recognize that their initial tariff rider is proposed to collect \$2.8 million in revenue rather than their \$4.1 million budget program proposal. This \$2.8 million represents a doubling of their 1999 expenditures for energy efficiency in Washington. While both the initial tariff rider and the projected budget are too low to capture all the savings that are available in their service territory, the initial tariff rider is most likely sufficient for the first year of their program as they invest staff resources to dramatically ramp-up their conservation activities from 1999. It will take some time for incentive payments to catch up with program activity. Because the magnitude of savings available to PacifiCorp exceeds that which they can capture with \$2.8 million, and because of the uncertainty of consumer response to PacifiCorp's programs we oppose placing a cap on either their collection mechanism or budget. We hope their programs in Washington stimulate a great deal of consumer participation. Given the recent increase in avoided costs, and the press attention to increasing energy prices, this is not the time to constrain pursuit of cost-effective conservation. We would be more interested in future discussions to determine if the use of incentives and penalties would be an effective tool to ensure that Washington's investor-owned utilities capture all cost-effective electricity savings in their service territory.

We would support the application of a sunset date that is three years from the start of program implementation. There is value in creating a formal review of the utility's performance and program mix before the Commissioners. However, we are concerned about creating a sunset date that is too soon. We believe that PacifiCorp will need to expend significant effort to increase the visibility of energy efficiency programs in their service territory. The majority of their projected program expenditures are in the commercial and industrial sectors. These sectors frequently involve projects with two-year lead times before a project is completed. We prefer a review three years in the future that would rely more on actual data and reflect real performance. We believe a two-year sunset date would rely on data based on "estimated projects in the pipeline."

We thank the Commission for considering our comments. We look forward to working with PacifiCorp staff and interested stakeholders to design programs that meaningfully serve the residential sector. We believe these economic investments contribute towards increasing the reliability of our electrical system, preserving lower energy costs for consumers, and reducing the environmental impacts of our power system. Thank you.

Sincerely,

Elizabeth C. Klumpp  
Senior Energy Policy Specialist

---

Support Data for the Washington Department of Community, Trade and Economic Development's comments on UE- 001457

PacifiCorp's merger testimony indicates that its avoided costs are approximately 50 mills. We believe this does not include a carbon adder as recommended by the Regional Technical Forum. However, at PacifiCorp's avoided cost of 50 mills, the Northwest Power Planning Council estimates that 2300 aMW of cost-effective energy efficiency measures are available in the region. If we deduct a generous 300 aMW due to consumer driven energy efficiency during the 20 year planning horizon, and to utility programs for the last 4 years, and use the Council's estimate that 85% of the available resource is technically achievable then there are approximately 1700 aMW of electricity savings available that society will not capture without assistance.

The Council's estimates on the corresponding northwest regional load are approximately 20,000 aMW. We deduct a historical average of 3,000 aMW for the regional DSI load. PacifiCorp's load in Washington in 1999 was 456 aMW or 3% of the non-DSI regional load. This suggests, without more specific field analysis or utility specific consumer data, that approximately 3.4 aMW of cost-effective energy efficiency is available in PacifiCorp's Washington service territory.